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Harbor Airport, LLC
July 1, 2003, Through
June 30, 2005

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CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
FINANCIAL AUDITS DIVISION

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

February 21, 2006

Audit Number 05025

San Francisco Airport Commission
P.O. Box 8097
San Francisco International Airport
San Francisco, CA 94128-8097

President and Members:

The Office of the Controller presents its report concerning the audit of Harbor Airport, LLC (Harbor). Harbor has a ten-year lease, through November 9, 2010, with the Airport Commission of the City and County of San Francisco to operate Harbor Village Restaurant, a food and beverage facility at the San Francisco International Airport.

Reporting Period: July 1, 2003, through June 30, 2005

Rent Paid: \$136,691

Results:

Harbor correctly reported gross revenues of \$2,214,206 and, in all material respects, correctly paid its rent to the Airport Department.

Respectfully submitted,

Noriaki Hirasuna
Director

INTRODUCTION

BACKGROUND

Harbor Airport, LLC (Harbor) has a ten-year lease with the Airport Commission (Commission) of the City and County of San Francisco to operate Harbor Village Restaurant, a food and beverage facility at the San Francisco International Airport. The lease commenced on May 9, 2000, and will expire on November 9, 2010. The lease requires Harbor to pay the Airport Department (Airport) the greater of a minimum annual guarantee or a percentage rent of 6 percent to 10 percent of its gross revenues. The percentage rent tiers are contingent on the amount of Harbor's total gross revenues per lease year.

SCOPE AND METHODOLOGY

The purpose of this audit was to determine if Harbor complied with the reporting and payment provisions of its lease with the Commission. To conduct the audit, we reviewed the applicable terms of the lease and the adequacy of Harbor's procedures for recording, summarizing, and reporting its gross revenues to the Airport. To determine whether Harbor accurately reported its gross revenue to the Airport, we tested on a sample basis Harbor's monthly sales summaries, daily sales reports and cash register tapes.

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AUDIT RESULTS

HARBOR CORRECTLY REPORTED ITS REVENUES AND PAID ITS RENT

From July 1, 2003, through June 30, 2005, Harbor correctly reported gross revenues of \$2,214,206 and, in all material respects, correctly paid rent of \$136,691 to the Airport. The table below shows the reported gross revenues and rent paid to the Airport.

TABLE

**Gross Revenues and Rent Paid
July 1, 2003, Through June 30, 2005**

	Gross Revenues	Rent Paid
July 1, 2003, through June 30, 2004	\$1,111,242	\$68,339
July 1, 2004, through June 30, 2005	1,102,964	68,352
Total	\$2,214,206	\$136,691

We conducted this review according to the standards established by the Institute of Internal Auditors. We limited our review to those areas specified in the audit scope section of this report.

Staff: Robert Tarsia, Audit Manager
Helen Vo

cc: Mayor
Board of Supervisors
Civil Grand Jury
Public Library

THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST

IN THE
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BY
JOHN BURNET

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